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Brazil

Sugar

Semi Annual

2005

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Report Highlights:

Brazilian sugarcane production for MY 05/06 has been adjusted to 406 mmt, up 5 percent from MY 2004/05, due to area expansion and good weather conditions. Sugar production for MY 2005/06 is projected at 28.7 mmt, raw value, up 2 percent relative to MY 2004/05. Sugar production has faced competition from increased alcohol demand both domestically and abroad. MY 2005/06 sugar exports are projected up at 18.25 mmt, raw value. Brazil, Australia and Thailand filed a petition at the WTO in September 2005, requesting that the EU change the sugar export regime by December 2005, and not in July 2007 as announced by the EU.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Sao Paulo [BR3]
[BR]

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PS&D Tables

PSD Table

Country	Brazil						
Commodity	Sugar Cane for Centrifugal						(1000 HA)(1000 MT)
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official	Estimate[1]	USDA Official	Estimate[1]	USDA Official	Estimate[New]	
Market Year Begin	05/2003			05/2004		05/2005	MM/YYYY
Area Planted	5600	5600	6050	6050	6250	6250	(1000 HA)
Area Harvested	5050	5050	5350	5350	5650	5650	(1000 HA)
Production	358900	358900	386800	385800	407000	406000	(1000 MT)
TOTAL SUPPLY	358900	358900	386800	385800	407000	406000	(1000 MT)
Utilization for Sugar	176940	176940	194175	193285	201870	198530	(1000 MT)
Utilizatn for Alcohol	181960	181960	192625	192515	205130	207470	(1000 MT)
TOTAL UTILIZATION	358900	358900	386800	385800	407000	406000	(1000 MT)

PSD Table

Country	Brazil						
Commodity	Sugar, Centrifugal						(1000 MT)
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official	Estimate[1]	USDA Official	Estimate[1]	USDA Official	Estimate[New]	
Market Year Begin	05/2003			05/2004		05/2005	MM/YYYY
Beginning Stocks	270	270	1030	1030	710	585	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	26400	26400	28150	28175	29500	28700	(1000 MT)
TOTAL Sugar Production	26400	26400	28150	28175	29500	28700	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	26670	26670	29180	29205	30210	29285	(1000 MT)
Raw Exports	10820	10820	12770	13570	13450	13500	(1000 MT)
Refined Exp.(Raw Val)	4420	4420	5050	4450	5350	4750	(1000 MT)
TOTAL EXPORTS	15240	15240	17820	18020	18800	18250	(1000 MT)
Human Dom. Consumpti	10400	10400	10650	10600	10850	10800	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	10400	10400	10650	10600	10850	10800	(1000 MT)
Ending Stocks	1030	1030	710	585	560	235	(1000 MT)
TOTAL DISTRIBUTION	26670	26670	29180	29205	30210	29285	(1000 MT)

Production

Sugarcane

The Agricultural Trade Office (ATO)/Sao Paulo has adjusted total Brazilian sugarcane production for marketing years (MY) 2005/06 (May-April) to 406 million metric tons (mmt), down 1 million ton compared to previous estimate. The center-south (CS) region sugarcane production estimate remains unchanged at 355 mmt. UNICA reports that 239.5 million tons of sugarcane were crushed from April to September 16. This figure represents 67 percent of the ATO's projected volume for the current MY. According to UNICA, 15.73 million tons of sugar, tel quel, and 9.89 billion liters of ethanol were produced from cumulative crush. The harvest has moved along well and should be virtually over by December 2005.

The harvest in the north-northeast (NNE) has just begun and total sugarcane production is forecast at 51 mmt, an 11 percent decrease from revised figure for MY 2004/05 (57 mmt). Post contacts indicate that the drop in production is a consequence of dry weather in the major growing areas during the development of the stocks.

The following tables show monthly sugarcane crush data for the state of Sao Paulo and the CS region for the 2001/02 to 2005/06 crops (Apr-Mar), as reported by UNICA. Sao Paulo represents approximately 70 percent of the CS production. Cumulative sugarcane crushed in the CS states for current crop up to September 1 (215.1 mmt) is 16 percent higher the same period last season.

Note that due to larger volume of sugarcane for harvesting as well as the need to guarantee the supply of alcohol and sugar to the domestic and international markets, the harvest period in the CS has been continuously moved forward and April production, which was nearly zero 5 crops ago, currently represents 15.5 mmt of sugarcane.

Sugarcane crushed in the state of Sao Paulo (1,000 metric tons).

Month	01/02	02/03	03/04	04/05	05/06
April	449.3	5,002.0	8,802.9	4,649.8	10,927.6
May	12,396.2	25,039.6	27,380.0	20,491.1	30,498.6
June	27,777.8	31,825.9	32,563.2	31,267.0	35,087.8
July	30,602.1	32,242.6	34,488.3	34,579.0	36,777.7
August	29,105.9	31,146.4	33,539.6	37,836.4	38,294.8
September	28,117.1	27,761.5	31,994.8	35,566.1	--
October	24,232.0	26,931.3	27,318.7	28,856.0	--
November	20,286.2	10,417.9	11,217.8	26,259.1	--
December	3,421.6	2,061.9	505.3	10,091.9	--
January	186.0	57.6	0.0	985.6	--
Cumulative	176,574.2	192,486.6	207,810.5	230,582.0	151,586.5

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).

Month	01/02	02/03	03/04	04/05	05/06
April	2,158.5	8,430.9	13,666.4	8,680.4	15,471.8
May	19,319.1	34,281.5	38,432.9	30,040.4	43,469.1
June	38,674.0	44,240.3	45,983.6	44,554.0	49,212.6
July	43,413.3	45,281.5	48,933.5	48,570.3	52,625.3
August	40,808.1	44,244.4	47,704.9	54,003.9	54,365.5
September	38,041.6	39,441.5	44,886.1	50,275.9	--
October	32,263.0	36,304.6	38,456.9	41,300.6	--
November	24,835.6	14,550.1	19,165.6	35,809.9	--
December	4,315.8	3,393.5	1,542.2	14,000.4	--
January	390.5	238.5	625.2	1,763.0	--
Cumulative	244,219.5	270,406.7	299,397.3	328,998.9	215,144.3

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Area

The ATO/Sao Paulo sugarcane area estimate for MY 2005/06 remains unchanged from previous report at 6.25 million hectares (ha). Approximately 90 percent of the area should be crushed (5.65 million ha), including some sugarcane left in the fields during the 2004/05 crop in the CS. The area planted for sugarcane production, according to the Brazilian Institute of Geography and Statistics (IBGE) and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture, follows.

Sugarcane Area (1,000 ha).

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Brazil	4,831	4,882	5,050	4,975	4,880	5,022	5,207	5,377	6,252	6,455
Sao Paulo	2,493	2,446	2,565	2,500	2,822	3,009	3,118	3,313	3,416	3,529

Sources: IBGE, IEA

According to IBGE, area planted to sugarcane has been steadily increasing since 1999. Although the figures also include sugarcane area for spirits, it represents a very small percentage of total area. As reported by the Ministry of Agriculture, Livestock and Supply (MAPA), 19 new crushing plants should start operations next year. The number of total new projects announced is 51.

With sugar and alcohol prices in the upcoming years expected to be high due to the strong demand for both products, continuous area expansion will surely take place, especially in western and northwestern Sao Paulo, Minas Gerais, Mato Grosso and Mato Grosso do Sul, Goiais, and Parana. UNICA forecasts an additional 72 mmt in sugarcane production over the next 6 years. The additional production is forecast as follows.

Additional Sugar Cane Supply for the CS (mmt)	
MY	Additional Production
MY 2006/07	8
MY 2007/08	18
MY 2008/09	16
MY 2009/10	13
MY 2010/11	11
MY 2011/12	6
Total	72

Source: UNICA

Yields

ATO/Sao Paulo estimates the Brazilian yield for sugarcane production for MY 2005/06 at approximately 71.86 metric tons (mt)/hectare (ha), slightly down compared to MY 2004/05 72,11 mt/ha). The NNE crop will drop due to dry weather and the CS crop yield is expected to be reduced somewhat due to the relative aging of the stocks (on average, 3.3 years old) compared to an average age of 3.1 years for last crop. Note that older cuts result in lower yields.

The MY 2005/06 industrial yield for the Brazilian crop is projected at 144.24 kg of TRS (total reducing sugars)/mt of sugarcane, slightly above last MY (143.46 kg of TRS/mt). As reported by UNICA the cumulative TRS for the CS crop up to September 16 is 142.97 kg of TRS/mt, up 1.86 kg compared to the same period for the previous season. The table below shows historical industrial yields since MY 1996/97, measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields

	MY 96/97	MY 97/98	MY 98/99	MY 99/00	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06 *
TRS/ton	139.055	143.392	139.314	141.811	142.082	142.66	146.441	146.4	143.46	144.24

* forecast

Sugar and Alcohol

Post has revised the MY 2005/06 estimate for TRS breakdown for sugar and alcohol production to 48.9 and 51.1 percent, respectively, as opposed to 50.1:49.9 percent for MY 2004/05, confirming the expected increase in alcohol production. The sales of flex-fuel cars have been pushing alcohol demand (see table below). The National Association of Vehicle Manufacturers (ANFAVEA) reports that the sales of alcohol-powered cars (exclusively alcohol or flex-fuel cars) during January-August 2005 represent 46 percent of total January-August sales. The association also reports that alcohol powered car sales in August 2005 were 63.5 of total sales in Brazil (61.7 percent flex-fuels and 1.8 percent alcohol powered cars.)

The industry estimates that over 80 percent of the domestic vehicle sales in the coming years will be flex-fuel vehicles and that 90 percent of the flex-fuel models will use alcohol, based on the assumption that the consumer chooses alcohol as long as alcohol prices are below 70 percent of gasoline prices at the pump.

Domestic Sales of Alcohol Powered Vehicles (units)

1999	2000	2001	2002	2003	2004	2005 1/
10,947	10,292	18,335	55,961	84,558	379,329	492,445

Source: ANFAVEA. 1/ January-August

Brazilian alcohol has also conquered international markets, even if volumes are smaller than those marketed in the domestic one. UNICA and the Government of Brazil have continuously promoted the Brazilian alcohol abroad as a clean source of energy, especially to be blended to gasoline as it occurs in country.

Brazilian sugar production has been directly affected by this increased demand for alcohol. Total alcohol production estimate for MY 2005/06 has been revised at 16.65 billion liters – 8.375 billion liters of anhydrous alcohol (used in gasoline mixtures) and 8.275 billion liters of hydrated alcohol, assuming the Government of Brazil's mandated 25 percent alcohol/gasoline blend does not change. These figures represent an 8 percent increase compared to MY 2004/05 production.

Revised Brazilian alcohol production for MY 2004/05 follows: 15.4 billion liters (8.3 and 7.1 billion liters of anhydrous and hydrated alcohol, respectively). According to the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA), cumulative alcohol production for the 2004/05 crop through May 1, 2005 was reported at 15.15 billion liters – 8.14 billion liters of anhydrous alcohol and 7.01 billion liters of hydrated alcohol.

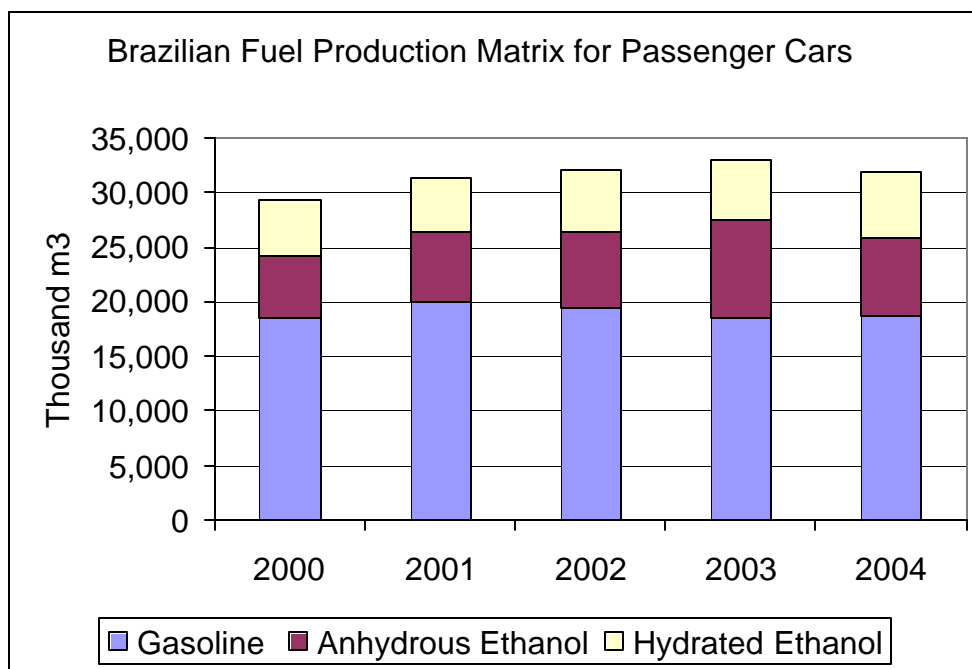
Cane, Sugar and Alcohol Production by State and Region: 2004/05 Crop
(MT and 000 Liters)

State/Region	Cane	Sugar	Anhydrous	Alcohol Hydrous	Total
Alagoas	26,029,770	2,360,275	276,405	410,535	686,940
Amazonas	267,767	17,170		4,671	4,671
Bahia	2,266,871	170,048	45,103	17,920	63,023
Ceara	79,444	6,225		153	153
Maranhao	1,275,119	11,881	87,190	8,715	95,905
Para	580,999		42,230	6,175	48,405
Paraiba	5,253,194	165,945	153,936	163,753	317,689
Pernambuco	16,084,916	1,459,305	279,339	134,063	413,402
Piaui	349,329	3,431	15,126	4,327	19,453
Rio Grande do Norte	2,917,677	233,847	50,208	39,157	89,365
Sergipe	1,465,185	74,491	28,172	36,113	64,285
NNE	56,570,271	4,502,618	977,709	825,582	1,803,291
Espirito Santo	3,545,091	56,006	145,809	63,335	209,144
Goiias	14,005,856	729,760	354,539	362,757	717,296
Minas Gerais	20,945,805	1,633,693	327,540	434,102	761,642
Mato Grosso do Sul	9,700,048	508,783	207,177	326,403	533,580
Mato Grosso	15,078,253	567,253	443,120	371,124	814,244
Parana	28,736,337	1,779,588	420,293	764,103	1,184,396
Rio de Janeiro	5,865,316	358,061	65,532	101,945	167,477
Rio Grande do Sul	77,997			4,823	4,823
Sao Paulo	225,188,102	16,381,739	5,198,584	3,758,981	8,957,565
Center South	323,142,805	22,014,883	7,162,594	6,187,573	13,350,167
TOTAL	379,713,076	26,517,501	8,140,303	7,013,155	15,153,458

Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 05/01/05

The graph below shows the Brazilian automotive fuel production matrix since 2000, as reported by the Petroleum and Biofuel National Agency and MAPA. The share of anhydrous ethanol in the matrix has increased steadily due to the blend of 25 percent of the product to

gasoline. Hydrated ethanol production, which was stagnant in previous years, has shown a firm recovery due to the adoption of flex-fuel vehicles in 2003.



ATO/Sao Paulo estimates total Brazilian sugar production for MY 2005/06 at 28.7 million metric ton (mmt), raw value, down 800,000 tons from previous estimate, but up 2 percent in comparison to MY 2004/05 (28.175 mmt). The CS states should account for 24.5 mmt, raw value, whereas the NNE should contribute 4.2 mmt of sugar, raw value. The estimates were based on:

- (1) The expected TRS production for MY 2005/06 - 58.56 mmt, up 6 percent from MY 2004/05, due to the expected increase in sugarcane output;
- (2) Total projected alcohol production to supply the domestic and international markets.

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 2001/02 to 2005/06 crops (April-Mach), as reported by UNICA.

Sugar production in the state of Sao Paulo (Metric tons, tel quel, Apr/Mar).

Month	01/02	02/03	03/04	04/05	05/06
April	21,120	299,239	277,632	237,758	566,341
May	696,427	1,553,742	1,661,920	1,281,288	1,882,755
June	1,802,011	2,260,884	2,223,107	2,106,071	2,346,452
July	2,245,231	2,463,143	2,592,285	2,571,142	2,561,448
August	2,231,847	2,480,964	2,716,037	3,000,822	2,929,118
September	2,087,352	2,180,166	2,642,245	2,971,773	--
October	1,706,829	2,208,774	2,188,716	2,177,653	--
November	1,316,443	764,557	841,021	1,669,759	--
December	213,281	133,300	45,924	526,481	--
January	7,917	3,139	1,516	-27,380	--
Cumulative	12,328,458	14,347,908	15,190,403	16,515,367	10,286,114

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugar production in Center-Southern Brazil (Metric tons, tel quel, Apr/Mar).

Month	01/02	02/03	03/04	04/05	05/06
April	58258	459639	474840	416906.9	769200
May	1032988	1986943	2209450.5	1763052.7	2536277
June	2342597	2955211.5	2963936.3	2829234.8	3144356.8
July	2946675	3237530.6	3460215.2	3388867.4	3490716.3
August	2938992.1	3271417	3620702.4	4029261	3943216
September	2676100.2	2903730	3471298.6	3957850.1	--
October	2155272.7	2805862	2866947	2919156	--
November	1551962	974101	1260480.9	2130609	--
December	239187	175043	98094	680687	--
January	7918	8578	13881.07	-8996	--
Cumulative	15949950	18778055	20439846	22106629	13883766

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugarcane, Sugar and Alcohol Prices in the Domestic Market

According to the State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA), the average sugarcane price for April-July 2005 was R\$0.2304 per kg of TRS, or approximately R\$33.6 per ton of sugarcane, slightly lower than the average sugarcane price for the state of Sao Paulo for the 2004/05 crop (R\$ 0.2424 per kg of TRS or R\$ 34.96 per ton of sugarcane)

The Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follows. The Index tracks crystal sugar prices in the domestic spot market. Sugar and alcohol prices in the domestic market remain very competitive due to the strong demand for both products both domestically and abroad. Note that Brazil exports about one third of the TRS and, therefore, is more and more dependent on international prices. Price equivalences for mid-May among different sugarcane products are also shown below.

Crystal Sugar Prices in the Domestic Market (Real, 50kg/bag, including tax).

Period	2001	2002	2003	2004	2005
January	25.01	25.64	41.92	19.66	29.40
February	23.28	22.88	45.17	18.18	28.78
March	23.36	21.28	43.89	21.62	33.24
April	24.81	20.8	39.24	28.00	33.63
May	24.06	20.69	30.87	22.42	26.24
June	23.44	18.76	25.09	26.57	26.13
July	23.66	19.2	23.93	27.85	29.19
August	22.81	22.95	29.41	30.00	30.51
September	23.56	24.46	24.31	28.73	31.76
October	23.93	34.53	21.14	27.62	--
November	23.78	40.06	20.38	29.90	--
December	24.43	39.82	21.42	31.43	--

Source: USP/ESALQ/CEPEA

Fuel Alcohol Prices: State of São Paulo (R\$/000 liters).

Month	Anhydrous					Hydrated				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
January	706.17	621.90	922.03	633.43	885.13	775.65	729.98	803.02	561.13	763.41
February	685.22	614.32	1024.82	451.61	847.92	724.80	721.13	876.62	372.62	765.47
March	634.43	608.22	1005.16	390.48	875.67	702.94	704.06	857.81	341.15	772.09
April	605.27	608.94	996.71	462.93	842.91	718.45	710.84	840.26	415.9	734.91
May	575.60	570.78	883.79	541.86	680.88	688.92	491.07	745.22	472.73	593.29
June	571.12	483.72	644.80	628.86	669.81	676.63	406.99	576.24	536.48	584.96
July	594.72	469.25	586.23	678.64	773.32	679.02	387.05	476.43	580.63	672.77
August	623.85	493.71	709.35	756.54	759.74	691.50	421.57	599.60	653.07	657.65
September	625.90	569.86	669.34	774.52	843.78	702.60	484.96	576.70	654.32	735.72
October	634.88	650.19	593.17	905.57	--	716.01	580.09	505.29	766.69	--
November	629.39	763.92	650.31	978.91	--	718.82	683.66	527.76	837.73	--
December	628.38	780.95	708.84	907.16	--	722.49	689.05	608.18	774.33	--

Source: USP/ESALQ/CEPEA

Price Equivalence - prices paid for producers, Ribeirao Preto region, state of Sao Paulo

Anhydrous alcohol (R\$/m3 (including PIS, COFINS, not including ICMS)

605.29 634.44 663.58 692.72 721.87 751.01 780.16 809.30 838.44 867.59 896.73

Hydrated Alcohol - R\$/m3 (including PIS, COFINS and 25 % ICMS)

640.19 671.01 701.84 732.66 763.49 794.31 825.13 855.96 886.78 917.61 948.43

Crystal Sugar for the domestic market - R\$/50 kg bag (including, PIS, COFINS and 7% ICMS)

21.77 22.76 23.75 24.74 25.73 26.72 27.71 28.7 26.69 30.68 31.67

VHP Sugar for export market - US\$ cents/lb - FOB price, Port of Santos

7.17 7.45 7.73 8.01 8.28 8.56 8.84 9.12 9.39 9.67 9.95

Source: Datagro

Note: Price equivalence should be read for each column, parameters updated in June 25, 2005. Exchange rate = R\$2.46/1US\$

Consumption

The ATO/Sao Paulo estimate for Brazilian MY 2005/06 consumption has been adjusted downward to 10.80 mmt, raw value, up 200,000 mt from revised figure for MY 2004/05, to

reflect updated information from post contacts. The domestic sugar consumption follows closely Brazilian population growth and the expansion in the food processing sector.

Trade

Sugar Exports

Post estimates total Brazilian sugar exports for MY 2005/06 at 18.25 mmt, raw value, down 3 percent compared to previous estimate. In spite of the higher volume of sugarcane for crushing, sugar production has facing some competition from ethanol, which consumption has strongly increased in the domestic market. Raw sugar, major export product, should contribute 13.5 mmt or 74 percent of total exports. Brazil has been exporting to many countries which have built refineries to reprocess the raw product. Countries such as Bangladesh, Indonesia, Azerbaijan, Egypt, Yemen, Saudi Arabia, UAE and Algeria have all invested in new refineries or capacity expansion. Refined exports should account 4.75 mmt, raw value. Post has also adjusted sugar exports for MY 2004/05 to 18.02 mmt, raw value, to reflect updated information from the sugar industry. World sugar demand has been increasing 2-3 percent annually and Brazil has been investing in new plants to supply a significant part of this increase.

The following tables show Brazilian sugar exports by destination for MY 2004/05 and MY 2005/06, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports by Country of Destination
(NCM 1701.11.00, MT, tel quel, US\$ 000 FOB)

Country	MY 2004/05		MY 2004/05 1/		MY 2005/06 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Russia	3,288,973	553,450	932,047	138,083	2,219,548	434,323
India	1,586,747	266,177	275,675	42,036	325,245	64,809
Nigeria	624,651	102,046	245,746	35,827	256,638	52,978
Egypt	885,027	140,880	457,414	68,550	254,126	48,846
U.A.E.	499,863	78,292	96,300	14,572	215,801	43,497
Saudi Arabia	462,011	73,851	242,180	35,418	187,064	37,755
Algeria	656,364	108,326	269,524	40,544	161,099	32,052
Canada	615,416	97,774	190,254	27,743	160,905	31,551
Morocco	574,992	93,339	191,954	28,468	136,353	27,379
Iran	120,000	18,975	80,000	11,616	119,659	23,928
Others	1,362,472	275,547	483,745	96,434	533,677	118,542
Total	10,676,517	1,808,656	3,464,839	539,291	4,570,115	915,661

Source : Brazilian Foreign Trade Secretariat (SECEX)

Note : Numbers may not add due to rounding. 1/May-August

Brazilian Sugar Exports by Country of Destination
(NCM 1701.99.00, Metric ton, tel, quel, US\$000 FOB)

Country	MY 2004/05		MY 2004/05 1/		MY 2005/06 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Bangladesh	673,406	135,872	176,968	32,713	232,982	52,264
Egypt	24,583	4,790	24,583	4,790	217,805	46,181
Ghana	428,334	85,792	143,811	25,899	212,437	49,794
U.A.E.	753,932	131,627	223,659	35,079	207,945	44,492
Nigeria	725,286	143,323	303,818	56,375	176,608	42,010
Yemen	395,432	80,796	74,783	14,055	168,408	39,616
Syria	315,551	62,462	149,572	28,894	164,819	41,789
Morocco	274,870	53,131	0	0	161,817	32,183
Pakistan	7,537	1,720	0	0	141,278	33,793
Georgia	251,065	48,388	136,067	25,172	128,377	30,392
Others	2,413,866	484,396	915,624	170,440	956,457	220,310
Total	6,263,862	1,232,299	2,148,886	393,418	2,768,933	632,822

Source : Brazilian Secretariat of Foreign Trade (SECEX)

Note : Numbers may no add to rounding. 1/May-August

Alcohol Exports

Alcohol exports for MY 2004/05 are estimated at 2.55 billion liters, as reported by SECEX. According to post contacts, Brazil should export approximately 2.5 billion liters of alcohol during MY 2005/06. India is the major importer of the Brazilian product, followed by the U.S., which took advantage of the cost competitive Brazilian product vis-a-vis high gasoline prices. South Korea, Sweden, Japan and the Netherlands remain other important destinations of the Brazilian product. The following tables show Brazilian alcohol exports by country of destination, as reported by SECEX.

Brazilian Alcohol Exports by Country of Destination (NCM 2207.10.00, MT 000 Liters, US\$000 FOB)

Country	MY 2004/05			MY 2004/05 1/			MY 2005/06 1/		
	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
India	439,096	543,234	120,223	176,139	217,913	40,402	201,245	248,974	68,712
Japan	166,053	205,435	49,961	44,806	55,433	10,279	77,037	95,307	27,617
Netherlands	116,057	143,582	35,082	22,594	27,952	5,710	70,008	86,612	25,549
Sweden	167,195	206,848	52,727	49,724	61,517	15,505	67,754	83,823	23,980
South Korea	180,088	222,798	48,317	83,587	103,410	20,221	61,953	76,645	22,998
Jamaica	110,321	136,485	30,136	56,453	69,842	14,202	41,365	51,175	12,953
Nigeria	60,701	75,098	20,052	16,440	20,338	4,679	36,844	45,582	14,213
U.S.A.	354,771	438,910	88,026	230,805	285,544	53,213	34,646	42,862	12,167
El Salvador	21,300	26,352	6,447	0	0	0	18,244	22,571	6,548
Mexico	55,904	69,162	15,480	19,719	24,395	4,916	15,393	19,044	4,632
Others	251,923	311,670	81,452	47,866	59,218	13,110	62,957	77,888	23,228
Total	1,923,409	2,379,573	547,904	748,134	925,564	182,237	687,445	850,482	242,597

Source : Brazilian Foreign Trade (SECEX)

Note : Numbers may not add due to rounding, 1 liter = 0.8083 Kg 1/May-August

Brazilian Alcohol Exports by Country of Destination (NCM 2207.20.10, MT, 000 Liters, US\$ 000 FOB)

Country	MY 2004/05			MY 2004/05 1/			MY 2005/06 1/		
	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
India	30,033	37,156	7,252	28,819	35,653	6,922	15,258	18,876	4,734
USA	15,712	19,439	3,960	3,143	3,888	840	7,960	9,848	2,393
Netherlands	24,715	30,577	6,317	9,258	11,453	2,355	7,273	8,998	2,488
Japan	22,678	28,056	5,405	0	0	0	1,503	1,859	500
Mexico	3,208	3,969	796	0	0	0	1,151	1,424	386
Venezuela	211	262	119	19	23	11	186	230	104
Chile	1,600	1,980	516	1,600	1,980	516	148	183	60
Argentina	145	180	95	74	92	42	71	88	52
Switzerland	0	0	0	0	0	0	0	0	0
France	0	0	0	0	0	0	0	0	0
Others	44,768	55,386	12,123	30,514	37,751	8,320	0	0	0
Total	143,072	177,004	36,583	73,426	90,840	19,007	33,549	41,506	10,716

Source : Brazilian Foreign Trade Secretariat (SECEX)

Note : Numbers may not add due to rounding, 1 liter = 0.8083 Kg 1/May-Aug.

Stocks

ATO/Sao Paulo estimates sugar and ethanol ending stocks for MY 2005/06 both at residual levels (235,000 metric tons, raw value, for sugar and 285 million liters), due to the steady demand for both products.

Policy

The Common External Tariff (TEC) applied to sugar imports from countries other than MERCOSUL partners (Argentina, Uruguay, Paraguay and Chile) is set at 16 percent. The import duty applied to alcohol imports is set at 20 percent. Both sugar and alcohol imports depend on the issuance of an import license by the GOB. No import quotas apply for such products.

The European Union (EU) announced in September 2005 the end of the subsidies for the export sugar as of July 2007, to comply with the results of the dispute panel at the World Trade Organization (WTO) against the EU sugar regime file on August 23. Brazil, Australia and Thailand responded immediately, filing a petition at the WTO requesting that a new deadline should be set, preferably in December 2005. The WTO should announce the decision about the new date on October 28.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)

Month	2001	2002	2003	2004	2005
January	1.97	2.42	3.53	2.94	2.62
February	2.04	2.35	3.56	2.91	2.60
March	2.16	2.32	3.35	2.91	2.67
April	2.22	2.36	2.89	2.94	2.53
May	2.36	2.52	2.97	3.13	2.40
June	2.30	2.84	2.87	3.11	2.35
July	2.43	3.43	2.97	3.03	2.39
August	2.55	3.02	2.97	2.93	2.36
September	2.67	3.89	2.92	2.86	2.22
October	2.71	3.65	2.86	2.86	--
November	2.53	3.59	2.95	2.73	--
December	2.32	3.53	2.89	2.65	--

Source: Gazeta Mercantil.